

By: Swanson

H.B. No. 1653

A BILL TO BE ENTITLED

1 AN ACT
2 relating to the system by which an application for a low income
3 housing tax credit is scored.

4 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF TEXAS:

5 SECTION 1. Section 2306.6710, Government Code, is amended
6 by amending Subsections (b) and (f) and adding Subsection (g) to
7 read as follows:

8 (b) If an application satisfies the threshold criteria, the
9 department shall score and rank the application using a point
10 system that:

11 (1) prioritizes in descending order criteria
12 regarding:

13 (A) financial feasibility of the development
14 based on the supporting financial data required in the application
15 that will include a project underwriting pro forma from the
16 permanent or construction lender;

17 (B) quantifiable community participation with
18 respect to the development, evaluated on the basis of a resolution
19 concerning the development that is voted on and adopted by the
20 following, as applicable:

21 (i) the governing body of a municipality in
22 which the proposed development site is to be located;

23 (ii) subject to Subparagraph (iii), the
24 commissioners court of a county in which the proposed development

1 site is to be located, if the proposed site is to be located in an
2 area of a county that is not part of a municipality; or

3 (iii) the commissioners court of a county
4 in which the proposed development site is to be located and the
5 governing body of the applicable municipality, if the proposed site
6 is to be located in the extraterritorial jurisdiction of a
7 municipality;

8 (C) the income levels of tenants of the
9 development;

10 (D) the size and quality of the units;

11 (E) the rent levels of the units;

12 (F) the level of community support for the
13 application, evaluated on the basis of a written statement from the
14 state representative who represents the district containing the
15 proposed development site;

16 (G) the cost of the development by square foot;

17 (H) [~~(G)~~] the services to be provided to tenants
18 of the development;

19 (I) [~~(H)~~] whether, at the time the complete
20 application is submitted or at any time within the two-year period
21 preceding the date of submission, the proposed development site is
22 located in an area declared to be a disaster under Section [418.014](#);
23 and

24 (J) [~~(I)~~] quantifiable community participation
25 with respect to the development, evaluated on the basis of written
26 statements from any neighborhood organizations on record with the
27 state or county in which the development is to be located and whose

1 boundaries contain the proposed development site[, and
2 [~~(J) the level of community support for the~~
3 ~~application, evaluated on the basis of a written statement from the~~
4 ~~state representative who represents the district containing the~~
5 ~~proposed development site];~~

6 (2) uses criteria imposing penalties on applicants or
7 affiliates who have requested extensions of department deadlines
8 relating to developments supported by housing tax credit
9 allocations made in the application round preceding the current
10 round or a developer or principal of the applicant that has been
11 removed by the lender, equity provider, or limited partners for its
12 failure to perform its obligations under the loan documents or
13 limited partnership agreement; and

14 (3) encourages applicants to provide free notary
15 public service to the residents of the developments for which the
16 allocation of housing tax credits is requested.

17 (f) In evaluating the level of community support for an
18 application under Subsection (b)(1)(F) [~~(b)(1)(J)~~], the department
19 shall award:

20 (1) positive points for positive written statements
21 received;

22 (2) negative points for negative written statements
23 received; and

24 (3) zero points for neutral written statements
25 received.

26 (g) For a proposed development that is to be located in an
27 unincorporated area of an urban area, the department shall award an

1 additional one-third of the maximum number of positive or negative
2 points that may be awarded under Subsection (f)(1) or (2), as
3 applicable, if the application is the subject of positive or
4 negative written statements under those subsections.

5 SECTION 2. The change in law made by this Act applies only
6 to an application for low income housing tax credits that is
7 submitted to the Texas Department of Housing and Community Affairs
8 during an application cycle that is based on the 2018 qualified
9 allocation plan or a subsequent plan adopted by the governing board
10 of the department under Section [2306.67022](#), Government Code. An
11 application that is submitted during an application cycle that is
12 based on an earlier qualified allocation plan is governed by the law
13 in effect on the date the application cycle began, and the former
14 law is continued in effect for that purpose.

15 SECTION 3. This Act takes effect September 1, 2017.